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DEPARTMENT OF STATE
ASSISTANT SECRETARY

NOV 16 1964

TO: M - Governor Harriman

THROUGH: S/S

FROM: AF - G. Mennen Williams

SUBJECT: Future Economic Aid to Libya: ACTION MEMORANDUM

In a memorandum to you of November 9, (Tab B) the Administrator for AID indicated his full agreement with you that it is in the US. national interest to have a high-level impact on Libyan-American policy. After expressing the hope that the planned oil company foundation will serve this purpose after it has been established, Mr. Bell noted that one could not be certain whether the GOL would be receptive to the continued presence of US advisors. He indicated a willingness, however, to finance such advisors if and when it becomes possible to establish them and to inform the Congress that we are prepared to provide such advisors should the Libyans desire them, even though no funds are shown for Libya in the 1966 budget.

The attached memorandum from you to Mr. Bell (Tab A) would note his position on this problem and would indicate your concurrence in his suggestion that the source of the funds for the American advisors be left open until such time as the possibilities of placing the latter with the GOL are further clarified. The memorandum would also draw his attention to the recent suggestion by the Embassy that $375,000 be reserved in order to finance six advisors over a two-year period and that an additional $200,000 in FY 1966 be provided for higher education in the U.S. of young Libyans. Finally, your memorandum to Mr. Bell would also express your understanding that the financing of the advisors could, if necessary, be drawn from contingency funds. This last point, although not mentioned in Mr. Bell's memorandum to you, has been made by him in discussions with representatives of this Bureau regarding the FY 1966 aid budget.

REVIEWED BY GMRazi 5/6/82

Recommendation

That you sign the attached memorandum. (Tab A)

Attachments:

1. Memo from Governor Harriman to Mr. Bell (Tab A)
2. Memo from Mr. Bell of November 9 (Tab B)

AF:AFN:JJBlake:gb 11/12/64

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UNDER SECRETARY OF STATE
FOR POLITICAL AFFAIRS
WASHINGTON

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MEMORANDUM FOR AID - Mr. David E. Bell

SUBJECT: Future Economic Aid to Libya

We welcome the suggestion contained in your memorandum of November 9 that AID would be ready to finance advisors to Libya in 1966 should it be possible to place them in the Libyan Government. It is noted that while you would prefer not to show a specific sum for this purpose in the 1966 budget you would expect to inform the Congress that even though no funds were shown we were, in fact, prepared to provide up to three or four advisors should the Libyans desire them.

Subsequent to my memorandum of October 23, the Embassy on November 4 recommended a larger sum than the $100,000. It proposed that $375,000 be set aside to hold six advisors over a two-year period and that $200,000 in FY 1966 be provided for higher education in the U.S. of young Libyans. I would suggest that these Embassy recommendations be borne in mind when the time comes to define more precisely the scope of our initiatives in Libya in 1966.

In the meantime, I concur in your suggestion that the matter of the source of the funds for American advisors should be left open. I understand that in your judgment the support could be drawn from contingency funds should the proposed private foundation, when established, not meet our important political requirements in Libya.

W. Averell Harriman

AID

Libya

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